

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

| | | | |
|---|--------------|--------------------------------------|--------|
| Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other | | Local Unit Name | County |
| Fiscal Year End | Opinion Date | Date Audit Report Submitted to State | |

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☐ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☐ The local unit has adopted a budget for all required funds.
5. ☐ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☐ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☐ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☐ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☐ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

| | | | | |
|--|--------------------------|--|----------------|-----|
| We have enclosed the following: | Enclosed | Not Required (enter a brief justification) | | |
| Financial Statements | <input type="checkbox"/> | | | |
| The letter of Comments and Recommendations | <input type="checkbox"/> | | | |
| Other (Describe) | <input type="checkbox"/> | | | |
| Certified Public Accountant (Firm Name) | | Telephone Number | | |
| Street Address | | City | State | Zip |
| Authorizing CPA Signature <i>Hennrich A. Berthiaume</i> | Printed Name | | License Number | |

LAKE TOWNSHIP

Huron County, Michigan

FINANCIAL STATEMENTS

March 31, 2007

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BERTHIAUME
& COMPANY

Certified Public Accountants



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INDEPENDENT AUDITORS' REPORT

To the Township Board
Lake Township, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lake Township as of and for the year ended March 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Lake Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Lake Township as of March 31, 2007, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lake Township's basic financial statements. The accompanying other supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying financial statements do not present a management's discussion and analysis, which would be an analysis of the financial performance for the year. The Governmental Accounting Standards Board has determined that this analysis is necessary to supplement, although not required to be a part of, the basic financial statements.

Berthiaume & Co.

June 18, 2007

BASIC FINANCIAL STATEMENTS

LAKE TOWNSHIP

STATEMENT OF NET ASSETS

March 31, 2007

| | <i><u>Governmental Activities</u></i> |
|---|---|
| Assets: | |
| Cash and cash equivalents | \$ 591,383 |
| Receivables | 84,759 |
| Capital assets: | |
| Nondepreciable capital assets | 24,819 |
| Depreciable capital assets, net | <u>28,047</u> |
| Total assets | <u>729,008</u> |
| Liabilities: | |
| Accounts payable and accrued expenses | 12,451 |
| Long-term liabilities: | |
| Due within one year | 21,200 |
| Due in more than one year | <u>56,200</u> |
| Total liabilities | <u>89,851</u> |
| Net assets: | |
| Invested in capital assets, net of related debt | 52,866 |
| Restricted for: | |
| Debt service | 16,328 |
| Unrestricted | <u>569,963</u> |
| Total net assets | <u>\$ 639,157</u> |

The accompanying notes are an integral part of these financial statements.

LAKE TOWNSHIP

STATEMENT OF ACTIVITIES

Year Ended March 31, 2007

| Functions/Programs | <u>Expenses</u> | <u>Program Revenues</u> | | | <u>Net (Expense) Revenue</u> |
|---|------------------------|--|--|--|---|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | |
| <i>Governmental activities:</i> | | | | | |
| General government | \$ 104,975 | \$ 425 | \$ 4,868 | \$ 6,792 | \$ (92,890) |
| Public safety | 66,511 | 16,037 | - | - | (50,474) |
| Public works | 135,201 | 9,850 | 4,681 | - | (120,670) |
| Health and welfare | 3,486 | - | - | - | (3,486) |
| Community and economic development | 22,180 | 2,525 | 2,162 | - | (17,493) |
| Recreation and culture | 1,200 | 305 | - | - | (895) |
| Interest on long-term debt | 4,302 | - | - | - | (4,302) |
| Total governmental activities | <u>337,855</u> | <u>29,142</u> | <u>11,711</u> | <u>6,792</u> | <u>(290,210)</u> |
| General revenues: | | | | | |
| Taxes: | | | | | |
| Property taxes, levied for general purpose | | | | | 108,469 |
| Property taxes, levied for roads/gypsy moth | | | | | 121,875 |
| Property taxes, levied for fire | | | | | 67,126 |
| Payments in lieu of property taxes | | | | | 1,010 |
| Franchise fees | | | | | 10,571 |
| Grants and contributions not restricted to specific programs | | | | | 67,756 |
| Unrestricted investment earnings | | | | | 7,712 |
| Miscellaneous | | | | | <u>1,028</u> |
| Total general revenues | | | | | <u>385,547</u> |
| Change in net assets | | | | | 95,337 |
| Net assets, beginning of year | | | | | <u>543,820</u> |
| Net assets, end of year | | | | | <u><u>\$ 639,157</u></u> |

The accompanying notes are an integral part of these financial statements.

LAKE TOWNSHIP

GOVERNMENTAL FUNDS

BALANCE SHEET

March 31, 2007

| | <i>General Fund</i> | <i>Roads Fund</i> | <i>Caseville Area Fire Protection Association Fund</i> | <i>Fosters White Sand Shores Road Improvements Fund</i> |
|---------------------------------------|--------------------------------|------------------------------|---|--|
| Assets: | | | | |
| Cash and cash equivalents | \$ 305,709 | \$ 215,265 | \$ - | \$ 13,136 |
| Taxes receivable | 7,874 | 9,265 | 5,365 | - |
| Accounts receivable | 408 | - | - | - |
| Special assessments receivable | - | - | - | 36,899 |
| Due from other governmental units | 11,124 | - | - | - |
| | <u>11,124</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total assets | <u>\$ 325,115</u> | <u>\$ 224,530</u> | <u>\$ 5,365</u> | <u>\$ 50,035</u> |
| Liabilities and Fund Balances: | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 6,108 | \$ - | \$ - | \$ - |
| Accrued expenses | 27 | - | - | - |
| Due to other governmental units | - | - | 5,365 | - |
| Deferred revenue | - | - | - | 36,899 |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>36,899</u> |
| Total liabilities | <u>6,135</u> | <u>-</u> | <u>5,365</u> | <u>36,899</u> |
| Fund balances: | | | | |
| Reserved for: | | | | |
| Debt service | - | - | - | 13,136 |
| Unreserved: | | | | |
| General fund | 318,980 | - | - | - |
| Special revenue funds | - | 224,530 | - | - |
| | <u>-</u> | <u>224,530</u> | <u>-</u> | <u>-</u> |
| Total fund balances | <u>318,980</u> | <u>224,530</u> | <u>-</u> | <u>13,136</u> |
| Total liabilities and fund balances | <u>\$ 325,115</u> | <u>\$ 224,530</u> | <u>\$ 5,365</u> | <u>\$ 50,035</u> |

The accompanying notes are an integral part of these financial statements.

| | | |
|---------------------|---------------------|---------------------|
| <i>Old Sand</i> | | |
| <i>Road</i> | <i>Nonmajor</i> | <i>Total</i> |
| <i>Improvements</i> | <i>Governmental</i> | <i>Governmental</i> |
| <i>Fund</i> | <i>Funds</i> | <i>Funds</i> |
| <u>\$ 3,192</u> | <u>\$ 54,081</u> | <u>\$ 591,383</u> |
| - | - | 22,504 |
| - | - | 408 |
| 13,824 | - | 50,723 |
| - | - | 11,124 |
| <u>\$ 17,016</u> | <u>\$ 54,081</u> | <u>\$ 676,142</u> |

| | | |
|---------------|----------|---------------|
| \$ - | \$ - | \$ 6,108 |
| - | - | 27 |
| - | - | 5,365 |
| <u>13,824</u> | <u>-</u> | <u>50,723</u> |
| <u>13,824</u> | <u>-</u> | <u>62,223</u> |

| | | |
|------------------|------------------|-------------------|
| 3,192 | - | 16,328 |
| - | - | 318,980 |
| - | <u>54,081</u> | <u>278,611</u> |
| <u>3,192</u> | <u>54,081</u> | <u>613,919</u> |
| <u>\$ 17,016</u> | <u>\$ 54,081</u> | <u>\$ 676,142</u> |

LAKE TOWNSHIP

RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO NET ASSETS OF GOVERNMENTAL ACTIVITIES

March 31, 2007

| | | |
|---|-----------------|-------------------|
| Total fund balances for governmental funds | | \$ 613,919 |
| Total net assets reported for governmental activities in the statement of of net assets is different because: | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. | | |
| Governmental capital assets | 68,409 | |
| Less accumulated depreciation | <u>(15,543)</u> | 52,866 |
| Interest payable in the governmental activities are not payable from current resources and therefore are not reported in the governmental funds. | | |
| | | (951) |
| Deferred revenues reported in the governmental funds are recognized as revenues for the governmental activities. | | |
| Special assessments | | 50,723 |
| Long-term liabilities are not due and payable in the current year and therefore are not reported in the governmental funds: | | |
| Special assessment bond payable | (55,000) | |
| Loan payable | <u>(22,400)</u> | <u>(77,400)</u> |
| Net assets of governmental activities | | <u>\$ 639,157</u> |

The accompanying notes are an integral part of these financial statements.

LAKE TOWNSHIP

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended March 31, 2007

| | <i>General Fund</i> | <i>Roads Fund</i> | <i>Caseville Area Fire Protection Association Fund</i> | <i>Fosters White Sand Shores Road Improvements Fund</i> |
|--|-------------------------|-----------------------|--|---|
| Revenues: | | | | |
| Property taxes | \$ 109,479 | \$ 121,875 | \$ 67,126 | \$ - |
| Licenses and permits | 27,338 | - | - | - |
| Federal grants | 6,792 | - | - | - |
| State grants | 74,786 | 2,128 | - | - |
| Charges for services | 12,375 | - | - | - |
| Interest and rents | 4,674 | 863 | - | 20 |
| Other revenue | 1,028 | - | - | 8,185 |
| Total revenues | <u>236,472</u> | <u>124,866</u> | <u>67,126</u> | <u>8,205</u> |
| Expenditures: | | | | |
| Current | | | | |
| General government | 91,121 | - | - | - |
| Public safety | 23,113 | - | 43,738 | - |
| Public works | 32,205 | 100,328 | - | - |
| Health and welfare | 3,486 | - | - | - |
| Community and economic development | 21,095 | - | - | - |
| Recreation and culture | 1,200 | - | - | - |
| Other | 8,520 | - | - | - |
| Capital outlay | 18,057 | - | - | - |
| Debt service | | | | |
| Principal | - | - | 21,338 | 8,000 |
| Interest and fees | - | - | 2,050 | 2,158 |
| Total expenditures | <u>198,797</u> | <u>100,328</u> | <u>67,126</u> | <u>10,158</u> |
| Excess (deficiency) of revenues over expenditures | <u>37,675</u> | <u>24,538</u> | <u>-</u> | <u>(1,953)</u> |
| Other financing sources (uses): | | | | |
| Transfers from other funds | - | - | - | 4,259 |
| Transfers to other funds | (27,000) | - | - | - |
| Total other financing sources (uses) | <u>(27,000)</u> | <u>-</u> | <u>-</u> | <u>4,259</u> |
| Net change in fund balances | 10,675 | 24,538 | - | 2,306 |
| Fund balances, beginning of year | <u>308,305</u> | <u>199,992</u> | <u>-</u> | <u>10,830</u> |
| Fund balances, end of year | <u>\$ 318,980</u> | <u>\$ 224,530</u> | <u>\$ -</u> | <u>\$ 13,136</u> |

The accompanying notes are an integral part of these financial statements.

| <i>Old Sand</i> | | |
|---------------------|---------------------|---------------------|
| <i>Road</i> | <i>Nonmajor</i> | <i>Total</i> |
| <i>Improvements</i> | <i>Governmental</i> | <i>Governmental</i> |
| <i>Fund</i> | <i>Funds</i> | <i>Funds</i> |
| \$ - | \$ - | \$ 298,480 |
| - | - | 27,338 |
| - | - | 6,792 |
| - | - | 76,914 |
| - | - | 12,375 |
| 16 | 2,139 | 7,712 |
| <u>2,290</u> | <u>-</u> | <u>11,503</u> |
| <u>2,306</u> | <u>2,139</u> | <u>441,114</u> |
| - | 3,099 | 94,220 |
| - | - | 66,851 |
| - | 1,153 | 133,686 |
| - | - | 3,486 |
| - | - | 21,095 |
| - | - | 1,200 |
| - | - | 8,520 |
| - | 27,204 | 45,261 |
| 2,000 | - | 31,338 |
| <u>540</u> | <u>-</u> | <u>4,748</u> |
| <u>2,540</u> | <u>31,456</u> | <u>410,405</u> |
| <u>(234)</u> | <u>(29,317)</u> | <u>30,709</u> |
| 1,885 | 27,000 | 33,144 |
| <u>-</u> | <u>(6,144)</u> | <u>(33,144)</u> |
| <u>1,885</u> | <u>20,856</u> | <u>-</u> |
| 1,651 | (8,461) | 30,709 |
| <u>1,541</u> | <u>62,542</u> | <u>583,210</u> |
| <u>\$ 3,192</u> | <u>\$ 54,081</u> | <u>\$ 613,919</u> |

LAKE TOWNSHIP

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

March 31, 2007

Net change in fund balances - total governmental funds \$ 30,709

Total change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.

| | | |
|---------------------------|----------------|--------|
| Capital outlay | 45,562 | |
| Less depreciation expense | <u>(4,796)</u> | 40,766 |

Collection of certain items recorded as deferred revenue are considered current financial resources in the governmental funds. In the statement of activities, these items have been recorded as revenue.

| | |
|---------------------|---------|
| Special assessments | (7,922) |
|---------------------|---------|

| | |
|---|--------|
| Repayments of principal on long-term obligations are expenditures in governmental but the payments reduce long-term liabilities in the statement of net assets. | 31,338 |
|---|--------|

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

| | |
|------------------------------------|------------|
| Change in accrued interest payable | <u>446</u> |
|------------------------------------|------------|

| | |
|--|-------------------------|
| Change in net assets of governmental activities | <u>\$ 95,337</u> |
|--|-------------------------|

The accompanying notes are an integral part of these financial statements.

LAKE TOWNSHIP

FIDUCIARY FUND
STATEMENT OF NET ASSETS
March 31, 2007

| | <i>Agency Fund</i> |
|---------------------------|-------------------------------|
| Assets: | |
| Cash and cash equivalents | \$ 408 |
| Liabilities: | |
| Accounts payable | 408 |
| Net Assets: | |
| Unrestricted | \$ - |

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

LAKE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township, which is located in Huron County, Michigan, is governed by a five member elected Board of Trustees and has approximately 1,000 residents.

The accounting policies of Lake Township conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

Reporting Entity:

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the Township and its component units. In evaluating the Township as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the Township may be financially accountable and, as such, should be included within the Township's financial statements. The Township (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial burden on the Township. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. There are no component units included in the Township's reporting entity.

Joint Venture – In October 1999, Lake Township and Caseville Township created the Caseville Area Fire Protection Association for the purpose of the establishment, operation, and maintenance of a joint fire department and fire authority, including, but not limited to, the acquisition and operation of fire department motor vehicles, equipment, apparatus, housing and personnel. This joint venture will be funded with special tax assessments from both townships. The assessment of Lake Township for the year ended March 31, 2007 was \$67,126, of which \$5,365 is still owed to the Association.

Lake Township owns an approximate 50% interest in the equity balance of the Association. The separate audited financial statements of the Caseville Area Fire Protection Association can be obtained from the Lake Township Supervisor at P.O. Box 429, Caseville, Michigan, 48725-0429.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation:

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2007

The statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the primary government. These statements distinguish between activities that are governmental and business-type activities. There are no business-type activities.

The statement of net assets presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township's net assets are reported in three parts (1) invested in capital assets, net of related debt, (2) restricted net assets, and (3) unrestricted net assets. The Township first utilizes restricted resources to finance qualifying activities.

The statement of activities reports both the gross and net cost of each of the Township's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). The Township does not allocate indirect costs. In creating the government-wide financial statements the Township has eliminated interfund transactions.

The government-wide focus is on the sustainability of the Township as an entity and the change in the Township's net assets resulting from current year activities.

Fund Financial Statements:

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. All other revenue items are considered to be measurable and available only when cash is received by the government.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2007

Fiduciary funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The fiduciary funds are accounted for on a spending or economic resources measurement focus and the accrual basis of accounting.

The Township reports the following major governmental funds:

The **General Fund** is the primary operating fund of the Township. It is used to account for all financial resources, except for those required to be accounted for in another fund.

The **Roads Fund** is used to account for the maintenance of the Township's road system.

The **Caseville Area Fire Protection Association Fund** is used to account for the special fire tax assessment for the joint venture.

The **Fosters White Sand Shores Subdivision Road Improvements Debt Service Fund** is used to account for the debt service payments related to a special assessment bond.

The **Old Sand Road Improvements Debt Service Fund** is used to account for the debt service payments related to a special assessment bond.

Private-sector standards of accounting and financial reporting issued prior to March 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do no conflict with or contradict guidance of the Governmental Accounting Standards Board. The Township has elected not to follow subsequent private-sector guidance.

Assets, Liabilities and Equity

Deposits and Investments – Cash and cash equivalents include cash on hand, demand deposits, certificates of deposit and short term investments with a maturity of three months or less when acquired. Investments, if any, are stated at fair value.

Interfund Receivables and Payables – Generally, outstanding amounts owed between funds are classified as “due from/to other funds”. These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

Prepaid Items – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. The Township defines capital assets as assets with an initial individual cost in excess of \$500. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. Public domain (infrastructure) assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the government) are capitalized if acquired after April 1, 2004.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2007

Capital assets are depreciated using the straight-line method over the following useful lives:

| | |
|-------------------------|------------|
| Buildings | 50 years |
| Furniture and equipment | 5-10 years |
| Machinery and equipment | 5-10 years |

Compensated Absences – It is the Township’s policy to not permit employees to accumulate earned but unused sick and vacation days. Therefore, no liability is recorded in the government-wide financial statements.

Long-term Obligations – In the government-wide financial statements, long-term debt are reported as liabilities in the applicable governmental activities statement of net assets.

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Eliminations and Reclassifications:

In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the “grossing up” effect on assets and liabilities within the governmental activities column.

Property Taxes:

Property taxes attach as an enforceable lien on property as of July 1 for the summer tax levy and December 1 for the winter tax levy. Taxes levied on July 1 and December 1 are due without penalty before September 14 and February 28, respectively. These tax bills include the Township’s own property taxes and taxes billed on behalf of Huron County and the school districts within the Township boundaries.

The 2006 taxable valuation of the Township’s real and personal property totaled \$84,059,174, on which ad valorem taxes levied consisted of .9459 mills for the Township’s operating purposes and 1.4387 mills for a special voted millage for roads and gypsy moth.

The 2006 taxable valuation of the Township’s real property totaled \$83,017,574, on which ad valorem taxes levied consisted of .8000 mills for a fire special assessment.

The delinquent real property taxes of the Township are purchased by Huron County. The delinquent real property taxes are received soon enough after year end to be recorded as revenue in the current year.

LAKE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2007

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information:

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. A proposed operating budget by fund for each year is submitted to the Township Board. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to April 1, the budget is legally enacted by adoption of the Township Board.
4. Any revision that alters the total expenditures of any fund must be approved by the Township Board.
5. Formal budgetary integration is employed as a management control device during the year for all funds.
6. Governmental fund budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. A comparison of actual results of operations to the General Fund and major Special Revenue Funds budgets as originally adopted and amended by the Township Board is included in the required supplemental information.
7. All annual appropriations lapse at fiscal year end.

Excess of Expenditures over Appropriations in Budgeted Funds:

During the year, the Township incurred expenditures that were in excess of the amounts budgeted, as follow:

| | <i><u>Final Budget</u></i> | <i><u>Actual</u></i> | <i><u>Excess</u></i> |
|--|--------------------------------|----------------------|----------------------|
| Caseville Area Fire Protection Association Fund | | | |
| Expenditures | \$ 66,448 | \$ 67,126 | \$ 678 |

State Construction Code Act:

The Township oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The Township charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative surplus generated since January 1, 2000 is as follows:

| | |
|--------------------------------------|--------------------|
| Cumulative surplus at April 1, 2006 | \$ - |
| Current year building permit revenue | 16,037 |
| Related expenses: | |
| Direct costs | <u>19,999</u> |
| Cumulative surplus at March 31, 2007 | <u><u>\$ -</u></u> |

LAKE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2007

NOTE 3: DEPOSITS AND INVESTMENTS

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency of instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The investment policy adopted by the Village Council is in accordance with Public Act 196 of 1997. The Village's deposits and investments have been made in accordance with statutory authority.

The Village's deposits and investments are subject to risk, which is examined in more detail below:

Custodial Credit Risk of Bank Deposits:

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. At year end, the Township had \$608,611 of bank deposits (certificates of deposit, checking, and savings accounts), of which \$179,176 was covered by federal depository insurance and the remainder was uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits, and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with acceptable estimated risk level are used as depositories.

The Township had no investments at March 31, 2007.

LAKE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2007

NOTE 4: CAPITAL ASSETS

Governmental activities capital asset activity for the year ended March 31, 2007 was as follows:

| | <u>April 1,</u> <u>2006</u> | <u>Additions</u> | <u>Retirements</u> | <u>March 31,</u> <u>2007</u> |
|--|--------------------------------|------------------|--------------------|---------------------------------|
| Governmental activities: | | | | |
| Nondepreciable capital assets | | | | |
| Land | \$ - | \$ 24,819 | \$ - | \$ 24,819 |
| Depreciable capital assets | | | | |
| Buildings | 8,000 | - | - | 8,000 |
| Furniture and equipment | 14,847 | 10,877 | - | 25,724 |
| Machinery and equipment | - | 9,866 | - | 9,866 |
| Total depreciable capital assets | 22,847 | 20,743 | - | 43,590 |
| Accumulated depreciation | (10,747) | (4,796) | - | (15,543) |
| Depreciable capital assets, net | 12,100 | 15,947 | - | 28,047 |
| Governmental activities, capital assets, net | <u>\$ 12,100</u> | <u>\$ 40,766</u> | <u>\$ -</u> | <u>\$ 52,866</u> |

Depreciation expense was charged to functions as follows:

| | |
|-------------------------------|-----------------|
| General government | \$ 3,481 |
| Public works | 1,123 |
| Health and welfare | <u>192</u> |
| Total governmental activities | <u>\$ 4,796</u> |

NOTE 5: DEFERRED REVENUE

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

At the end of the current fiscal year, the various components of deferred revenue are as follows:

| | <u>Unavailable</u> | <u>Unearned</u> |
|---------------------|--------------------|-----------------|
| Special assessments | <u>\$ 50,723</u> | <u>\$ -</u> |

LAKE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2007

NOTE 6: LONG-TERM LIABILITIES

The Township may issue bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the Township.

Long-term liabilities at March 31, 2007 consisted of the following:

| <u>Types of Indebtedness</u> | <u>Maturity</u> | <u>Interest Rates</u> | <u>Annual Principal Installments</u> | <u>Original Issue Amount</u> | <u>Outstanding at Year-End</u> |
|---|-----------------|-----------------------|--------------------------------------|------------------------------|--------------------------------|
| <u>Governmental Activities</u> | | | | | |
| <i>General Obligation Bonds:</i> | | | | | |
| 2003 Issue - Special Assessment Bonds | | | | | |
| Serial Current Interest Bonds | 11/1/05-11/1/12 | 4.15% | \$5,000-10,000 | \$ 80,000 | \$ 55,000 |
| <i>Loans:</i> | | | | | |
| 1999 Issue - Fire Station | 2/1/05-2/1/07 | 4.85% | \$19,600 | \$ 196,000 | \$ - |
| 2006 Issue - Fire Tanker | 2/13/07-2/13/09 | 4.45% | \$33,600 | \$ 33,600 | \$ 22,400 |

The following is a summary of long-term liabilities transactions for the year ended March 31, 2007:

| | <u>April 1, 2005</u> | <u>Additions</u> | <u>Retirements</u> | <u>March 31, 2006</u> | <u>Due Within One Year</u> |
|---|----------------------|------------------|--------------------|-----------------------|----------------------------|
| Governmental activities: | | | | | |
| <i>General Obligation Bonds:</i> | | | | | |
| 2003 Issue | \$ 65,000 | \$ - | \$ (10,000) | \$ 55,000 | \$ 10,000 |
| <i>Loans:</i> | | | | | |
| 1999 Loan - Fire Station | 10,138 | - | (10,138) | - | - |
| 2006 Installment Purchase - Tanker | 33,600 | - | (11,200) | 22,400 | 11,200 |
| Total governmental activities | | | | | |
| - long-term liabilities | <u>\$ 108,738</u> | <u>\$ -</u> | <u>\$ (31,338)</u> | <u>\$ 77,400</u> | <u>\$ 21,200</u> |

LAKE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2007

Annual debt service requirements to maturity for the above bonds and loans are as follows:

| <i>Year Ended March 31,</i> | <i>Governmental Activities</i> | | |
|---------------------------------|--------------------------------|-----------------|------------------|
| | <i>Principal</i> | <i>Interest</i> | <i>Total</i> |
| 2008 | \$ 21,200 | \$ 3,072 | \$ 24,272 |
| 2009 | 21,200 | 2,158 | 23,358 |
| 2010 | 10,000 | 1,245 | 11,245 |
| 2011 | 10,000 | 830 | 10,830 |
| 2012 | 5,000 | 519 | 5,519 |
| 2013 | <u>10,000</u> | <u>208</u> | <u>10,208</u> |
| | <u>\$ 77,400</u> | <u>\$ 8,032</u> | <u>\$ 85,432</u> |

NOTE 7: DISAGGREGATED RECEIVABLE AND PAYABLE BALANCES

Receivables and payables as of year end for the Township's governmental activities in the aggregate are as follows:

| | <i>Governmental Activities</i> |
|---|------------------------------------|
| Receivables: | |
| Property taxes | \$ 22,504 |
| Accounts | 408 |
| Special assessments | 50,723 |
| Intergovernmental | <u>11,124</u> |
| Total receivables | <u>\$ 84,759</u> |
| Accounts payable and accrued expenses: | |
| Accounts | \$ 6,108 |
| Payroll liabilities | 27 |
| Accrued interest | 951 |
| Intergovernmental | <u>5,365</u> |
| Total accounts payable and accrued expenses | <u>\$ 12,451</u> |

LAKE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2007

NOTE 8: INTERFUND BALANCES AND TRANSFERS

There were no interfund receivable and payable balances at March 31, 2007.

Interfund transfers reported in the fund statements were as follows:

| <i>Funds Transferred From</i> | <i>Funds Transferred To</i> | <i>Amount</i> |
|--|--|----------------------|
| General Fund | Capital Improvement Fund | \$ 27,000 |
| Fosters White Sand Shores Road Improvements Capital Projects Fund | Fosters White Sand Shores Road Improvements Debt Service Fund | 4,259 |
| Old Sand Road Improvements Capital Projects Fund | Old Sand Road Improvements Debt Service Fund | 1,885 |
| | | <u>\$ 33,144</u> |

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the various funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 9: RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for significant losses. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in the past three fiscal years.

NOTE 10: EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS

Defined Contribution Pension Plan:

Plan Description – The Township has created a defined contribution pension plan for certain officials and employees. A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participant's benefits that may be allocated to such participant's account.

LAKE TOWNSHIP

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2007

Eligibility Requirements and Provisions:

There are no age or service requirements.

The following employees shall be eligible to participate in the plan:

- Elected officials
- Assessor
- Building Inspector
- Zoning Administrator
- Transfer Station Supervisor
- Extra Office
- Deputy Clerk

An individual shall commence participation in the plan immediately.

Contributions:

Employer contributions for each participant will be 7.5% of compensation. Mandatory employee contributions will be 7.5% of compensation. The mandatory contributions shall be treated as made by employees on an after-tax basis. Participants may make voluntary after-tax contributions, through payroll withholding, in amounts ranging from 1% to 10% of compensation.

Vesting:

Benefits attributable to employer contributions shall be 100% vested upon a participant's death, disability, or normal retirement, or upon termination of the plan. On termination of a participant's service, such benefits shall vest 100% immediately.

Insurer:

The Manufacturers Life Insurance/John Hancock Company.

Plan Activity:

For the plan year January 1, 2006 to December 31, 2006, all required contributions to the plan were made.

| | |
|----------------------------|------------------|
| Account value 12/31/05 | \$ 74,750 |
| Current year contributions | |
| Employer | 5,122 |
| Employee | 5,122 |
| Interest earned | 2,238 |
| Administration fees | <u>(383)</u> |
| Account value 12/31/06 | <u>\$ 86,849</u> |

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2007

Post Employment Benefits:

The Township offers no post employment benefits to its retirees.

Deferred Compensation Plan:

The Township offers no deferred compensation plan.

REQUIRED SUPPLEMENTAL INFORMATION

LAKE TOWNSHIP

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

Year Ended March 31, 2007

| | <i>Budgeted Amounts</i> | | | <i>Actual Over (Under)</i> |
|--|-------------------------|--------------|---------------|--------------------------------|
| | <i>Original</i> | <i>Final</i> | <i>Actual</i> | <i>Final Budget</i> |
| Revenues: | | | | |
| Property taxes | \$ 101,000 | \$ 101,000 | \$ 109,479 | \$ 8,479 |
| Licenses and permits | 18,000 | 18,000 | 27,338 | 9,338 |
| Federal grants | - | 6,792 | 6,792 | - |
| State grants | 70,000 | 70,000 | 74,786 | 4,786 |
| Charges for services | 10,100 | 10,100 | 12,375 | 2,275 |
| Interest and rents | 3,000 | 3,000 | 4,674 | 1,674 |
| Other revenue | 500 | 500 | 1,028 | 528 |
| Total revenues | 202,600 | 209,392 | 236,472 | 27,080 |
| Expenditures: | | | | |
| Current | | | | |
| General government | 111,655 | 110,955 | 91,121 | (19,834) |
| Public safety | 24,025 | 24,675 | 23,113 | (1,562) |
| Public works | 30,340 | 37,390 | 32,205 | (5,185) |
| Health and welfare | 5,500 | 5,500 | 3,486 | (2,014) |
| Community and economic development | 28,250 | 28,250 | 21,095 | (7,155) |
| Recreation and culture | 1,200 | 1,200 | 1,200 | - |
| Other | 9,000 | 9,000 | 8,520 | (480) |
| Capital outlay | 6,750 | 18,158 | 18,057 | (101) |
| Total expenditures | 216,720 | 235,128 | 198,797 | (36,331) |
| Excess (deficiency) of revenues over expenditures | (14,120) | (25,736) | 37,675 | 63,411 |
| Other financing sources (uses): | | | | |
| Transfers out | (2,000) | (27,000) | (27,000) | - |
| Total other financing sources (uses) | (2,000) | (27,000) | (27,000) | - |
| Net change in fund balance | (16,120) | (52,736) | 10,675 | 63,411 |
| Fund balance, beginning of year | 308,305 | 308,305 | 308,305 | - |
| Fund balance, end of year | \$ 292,185 | \$ 255,569 | \$ 318,980 | \$ 63,411 |

LAKE TOWNSHIP

SPECIAL REVENUE FUND – ROADS FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended March 31, 2007

| | <i>Budgeted Amounts</i> | | | <i>Actual</i> |
|---------------------------------|-------------------------|------------------|-------------------|---------------------|
| | <i>Original</i> | <i>Final</i> | <i>Actual</i> | <i>Over (Under)</i> |
| | | | | <i>Final Budget</i> |
| Revenues: | | | | |
| Property taxes | \$ 110,000 | \$ 110,000 | \$ 121,875 | \$ 11,875 |
| State grants | 1,000 | 1,000 | 2,128 | 1,128 |
| Interest and rents | - | - | 863 | 863 |
| Total revenues | 111,000 | 111,000 | 124,866 | 13,866 |
| Expenditures: | | | | |
| Current | | | | |
| Public works | 215,000 | 215,000 | 100,328 | (114,672) |
| Total expenditures | 215,000 | 215,000 | 100,328 | (114,672) |
| Net change in fund balance | (104,000) | (104,000) | 24,538 | 128,538 |
| Fund balance, beginning of year | 199,992 | 199,992 | 199,992 | - |
| Fund balance, end of year | <u>\$ 95,992</u> | <u>\$ 95,992</u> | <u>\$ 224,530</u> | <u>\$ 128,538</u> |

LAKE TOWNSHIP

SPECIAL REVENUE FUND – CASEVILLE AREA FIRE PROTECTION ASSOCIATION FUND

BUDGETARY COMPARISON SCHEDULE

Year Ended March 31, 2007

| | <i>Budgeted Amounts</i> | | | <i>Actual Over (Under)</i> |
|---------------------------------|-------------------------|--------------|---------------|--------------------------------|
| | <i>Original</i> | <i>Final</i> | <i>Actual</i> | <i>Final Budget</i> |
| Revenues: | | | | |
| Property taxes | \$ 66,448 | \$ 66,448 | \$ 67,126 | \$ 678 |
| Total revenues | 66,448 | 66,448 | 67,126 | 678 |
| Expenditures: | | | | |
| Current | | | | |
| Public safety | 43,110 | 43,110 | 43,738 | 628 |
| Debt service | | | | |
| Principal | 21,338 | 21,338 | 21,338 | - |
| Interest and fees | 2,000 | 2,000 | 2,050 | 50 |
| Total expenditures | 66,448 | 66,448 | 67,126 | 678 |
| Net change in fund balance | - | - | - | - |
| Fund balance, beginning of year | - | - | - | - |
| Fund balance, end of year | \$ - | \$ - | \$ - | \$ - |

OTHER SUPPLEMENTAL INFORMATION

LAKE TOWNSHIP

GENERAL FUND

DETAILED SCHEDULE OF REVENUES

Year Ended March 31, 2007

Current Taxes:

| | |
|--------------------------|----------------|
| Property taxes | \$ 80,076 |
| Administration fees | 28,393 |
| Payment in lieu of taxes | 1,010 |
| | <u>109,479</u> |

Licenses and permits:

| | |
|----------------------------------|---------------|
| Business licenses and permits | 200 |
| Nonbusiness licenses and permits | 16,567 |
| CATV franchise fees | 10,571 |
| | <u>27,338</u> |

Federal grants:

| | |
|--------------------|--------------|
| Election equipment | <u>6,792</u> |
|--------------------|--------------|

State Grants:

| | |
|-------------------------------------|---------------|
| Summer tax collection reimbursement | 4,868 |
| State revenue sharing - sales tax | 67,756 |
| DEQ project | 2,162 |
| | <u>74,786</u> |

Charges for services:

| | |
|-----------------------------|---------------|
| Transfer station collection | 9,850 |
| Zoning fees | 2,525 |
| | <u>12,375</u> |

Interest and rents:

| | |
|----------|--------------|
| Interest | <u>4,674</u> |
|----------|--------------|

Other Revenue:

| | |
|-------|--------------|
| Other | <u>1,028</u> |
|-------|--------------|

| | |
|----------------|-------------------|
| Total revenues | <u>\$ 236,472</u> |
|----------------|-------------------|

LAKE TOWNSHIP

GENERAL FUND

DETAILED SCHEDULE OF EXPENDITURES

Year Ended March 31, 2007

Expenditures:

General Government:

Board:

| | |
|-----------|--------------|
| Personnel | \$ 2,720 |
| Mileage | 544 |
| Education | 188 |
| | <u>3,452</u> |

Supervisor:

| | |
|-----------|--------------|
| Personnel | 8,000 |
| Supplies | 16 |
| Mileage | 539 |
| Education | 255 |
| | <u>8,810</u> |

Clerk:

| | |
|-----------|---------------|
| Personnel | 12,812 |
| Supplies | 61 |
| Mileage | 589 |
| Education | 355 |
| | <u>13,817</u> |

Audit:

| | |
|---------------------|--------------|
| Contracted services | <u>3,785</u> |
|---------------------|--------------|

Board of Review:

| | |
|---------------------------|--------------|
| Personnel | 1,985 |
| Mileage | 20 |
| Printing and publications | 35 |
| | <u>2,040</u> |

Treasurer:

| | |
|---------------------------|---------------|
| Personnel | 11,693 |
| Supplies | 2,661 |
| Contracted services | 5,455 |
| Mileage | 1,291 |
| Conferences and workshops | 490 |
| | <u>21,590</u> |

Assessor:

| | |
|---------------------------|---------------|
| Personnel | 14,000 |
| Supplies | 120 |
| Mileage | 648 |
| Conferences and workshops | 50 |
| | <u>14,818</u> |

Elections:

| | |
|---------------------------|--------------|
| Personnel | 1,464 |
| Supplies | 331 |
| Mileage | 105 |
| Printing and publications | 127 |
| Repairs and maintenance | 200 |
| | <u>2,227</u> |

LAKE TOWNSHIP

GENERAL FUND

DETAILED SCHEDULE OF EXPENDITURES, CONTINUED

Year Ended March 31, 2007

Expenditures, continued:

General Government, continued:

Buildings, Grounds and Administration:

| | |
|---------------------------|---------------|
| Supplies | 1,855 |
| Contracted services | 2,492 |
| Telephone | 1,810 |
| Dues and memberships | 1,315 |
| Printing and publications | 1,081 |
| Insurance | 4,492 |
| Utilities | 3,625 |
| Repairs and maintenance | 1,712 |
| | <u>18,382</u> |

Attorney:

| | |
|---------------------|--------------|
| Contracted services | <u>2,200</u> |
|---------------------|--------------|

| | |
|--------------------------|---------------|
| Total general government | <u>91,121</u> |
|--------------------------|---------------|

Public Safety:

Patrol Service:

| | |
|---------------------|--------------|
| Contracted services | <u>3,114</u> |
|---------------------|--------------|

Building Inspection:

| | |
|---------------------------|---------------|
| Personnel | 17,527 |
| Supplies | 828 |
| Mileage | 724 |
| Conferences and workshops | 920 |
| | <u>19,999</u> |

| | |
|---------------------|---------------|
| Total public safety | <u>23,113</u> |
|---------------------|---------------|

Public Works:

Drains:

| | |
|---------------------|--------------|
| Contracted services | <u>2,460</u> |
|---------------------|--------------|

Street Lighting:

| | |
|-----------|------------|
| Utilities | <u>165</u> |
|-----------|------------|

Transfer Station:

| | |
|-------------------------|---------------|
| Personnel | 5,116 |
| Contracted services | 18,149 |
| Repairs and maintenance | 985 |
| | <u>24,250</u> |

Other:

| | |
|---------------------|--------------|
| Contracted services | <u>5,330</u> |
|---------------------|--------------|

| | |
|--------------------|---------------|
| Total public works | <u>32,205</u> |
|--------------------|---------------|

LAKE TOWNSHIP

GENERAL FUND

DETAILED SCHEDULE OF EXPENDITURES, CONTINUED

Year Ended March 31, 2007

Expenditures, continued:

Health and Welfare:

Ambulance:

| | |
|---------------------|-------|
| Contracted services | 3,486 |
|---------------------|-------|

Community and Economic Development:

Planning:

| | |
|---------------------------|---------------|
| Personnel | 4,915 |
| Supplies | 547 |
| Contracted services | 4,837 |
| Mileage | 140 |
| Conferences and workshops | 8 |
| Printing and publications | 186 |
| | <u>10,633</u> |

Zoning:

| | |
|---------------------------|---------------|
| Personnel | 9,135 |
| Supplies | 106 |
| Mileage | 797 |
| Education and training | 188 |
| Printing and publications | 236 |
| | <u>10,462</u> |

| | |
|--|---------------|
| Total community and economic development | <u>21,095</u> |
|--|---------------|

Recreation and Culture:

Library:

| | |
|---------------------|--------------|
| Contracted services | <u>1,200</u> |
|---------------------|--------------|

Other:

| | |
|------------------|--------------|
| Pension and fees | 6,081 |
| Payroll taxes | 2,439 |
| | <u>8,520</u> |

Capital Outlay:

| | |
|--------------------|---------------|
| General government | 8,191 |
| Public works | 5,250 |
| Health and welfare | 4,616 |
| | <u>18,057</u> |

| | |
|--------------------|----------------|
| Total expenditures | <u>198,797</u> |
|--------------------|----------------|

Other Financing Uses:

| | |
|--------------------------|---------------|
| Transfers to other funds | <u>27,000</u> |
|--------------------------|---------------|

| | |
|---|--------------------------|
| Total expenditures and other financing uses | <u><u>\$ 225,797</u></u> |
|---|--------------------------|

LAKE TOWNSHIP

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

March 31, 2007

| | <u>Special Revenue Funds</u> | | <u>Capital Projects Funds</u> | | |
|---------------------------|------------------------------|--------------------|-------------------------------|---------------------|---------------------|
| | | | <i>Fosters</i> | | |
| | <i>Gypsy</i> | <i>Capital</i> | <i>White Sand</i> | <i>Old Sand</i> | <i>Total</i> |
| | <i>Moth</i> | <i>Improvement</i> | <i>Shores Road</i> | <i>Road</i> | <i>Nonmajor</i> |
| | <i>Fund</i> | <i>Fund</i> | <i>Improvements</i> | <i>Improvements</i> | <i>Governmental</i> |
| | <i>Fund</i> | <i>Fund</i> | <i>Fund</i> | <i>Fund</i> | <i>Funds</i> |
| Assets: | | | | | |
| Cash and cash equivalents | \$ 51,898 | \$ 2,183 | \$ - | \$ - | \$ 54,081 |
| Total assets | <u>\$ 51,898</u> | <u>\$ 2,183</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 54,081</u> |
| Fund Balances: | | | | | |
| Unreserved: | | | | | |
| Special revenue funds | <u>51,898</u> | <u>2,183</u> | <u>-</u> | <u>-</u> | <u>54,081</u> |
| Total fund balances | <u>\$ 51,898</u> | <u>\$ 2,183</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 54,081</u> |

LAKE TOWNSHIP

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended March 31, 2007

| | <u>Special Revenue Funds</u> | | <u>Capital Projects Funds</u> | | |
|--|------------------------------|--------------------|-------------------------------|---------------------|---------------------|
| | | | <i>Fosters</i> | | |
| | <i>Gypsy</i> | <i>Capital</i> | <i>White Sand</i> | <i>Old Sand</i> | <i>Total</i> |
| | <i>Moth</i> | <i>Improvement</i> | <i>Shores Road</i> | <i>Road</i> | <i>Nonmajor</i> |
| | <i>Fund</i> | <i>Fund</i> | <i>Improvements</i> | <i>Improvements</i> | <i>Governmental</i> |
| | <i>Fund</i> | <i>Fund</i> | <i>Fund</i> | <i>Fund</i> | <i>Funds</i> |
| Revenues: | | | | | |
| Interest and rents | \$ 2,107 | \$ 32 | \$ - | \$ - | \$ 2,139 |
| Total revenues | 2,107 | 32 | - | - | 2,139 |
| Expenditures: | | | | | |
| Current | | | | | |
| General government | - | 3,099 | - | - | 3,099 |
| Public works | 1,153 | - | - | - | 1,153 |
| Capital outlay | - | 27,204 | - | - | 27,204 |
| Total expenditures | 1,153 | 30,303 | - | - | 31,456 |
| Excess (deficiency) of revenues over expenditures | 954 | (30,271) | - | - | (29,317) |
| Other financing sources (uses): | | | | | |
| Transfers in | - | 27,000 | - | - | 27,000 |
| Transfers out | - | - | (4,259) | (1,885) | (6,144) |
| Total other financing sources (uses) | - | 27,000 | (4,259) | (1,885) | 20,856 |
| Net change in fund balances | 954 | (3,271) | (4,259) | (1,885) | (8,461) |
| Fund balances, beginning of year | 50,944 | 5,454 | 4,259 | 1,885 | 62,542 |
| Fund balances, end of year | \$ 51,898 | \$ 2,183 | \$ - | \$ - | \$ 54,081 |

LAKE TOWNSHIP

FIDUCIARY FUND – AGENCY FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

March 31, 2007

Property Tax Collection Fund:

| | <u><i>April 1, 2006</i></u> | <u><i>Additions</i></u> | <u><i>Deductions</i></u> | <u><i>March 31, 2007</i></u> |
|---------------------------------------|---------------------------------|-------------------------|--------------------------|----------------------------------|
| Assets: | | | | |
| Cash and cash equivalents | \$ 1,808 | \$ 2,716,189 | \$ 2,717,589 | \$ 408 |
| Total assets | <u>\$ 1,808</u> | <u>\$ 2,716,189</u> | <u>\$ 2,717,589</u> | <u>\$ 408</u> |
| Liabilities and Fund Balances: | | | | |
| <i>Liabilities:</i> | | | | |
| Accounts payable | \$ 1,808 | \$ 316,801 | \$ 318,201 | \$ 408 |
| Due to other governmental units | <u>-</u> | <u>2,399,388</u> | <u>2,399,388</u> | <u>-</u> |
| Total liabilities | <u>\$ 1,808</u> | <u>\$ 2,716,189</u> | <u>\$ 2,717,589</u> | <u>\$ 408</u> |

LAKE TOWNSHIP

GOVERNMENTAL ACTIVITIES

SCHEDULE OF INDEBTEDNESS

March 31, 2007

2003 SPECIAL ASSESSMENT BONDS - FOSTERS WHITE SAND SHORES SUBDIVISION AND OLD SAND ROAD IMPROVEMENTS

| | | |
|---|----|-----------------|
| Issue dated December 1, 2003 in the amount of | \$ | 80,000 |
| Less: | | |
| Principal paid in prior years | | (15,000) |
| Principal paid in current year | | <u>(10,000)</u> |
| Balance payable at March 31, 2007 | \$ | <u>55,000</u> |

Balance payable as follows:

| <i>Fiscal Year Ended</i> | <i>Interest Rate</i> | <i>Interest due May 1</i> | <i>Interest due November 1</i> | <i>Principal due November 1</i> | <i>Total Annual Requirement</i> |
|------------------------------|--------------------------|-------------------------------|------------------------------------|-------------------------------------|---|
| 2008 | 4.15% | \$ 1,141 | \$ 934 | \$ 10,000 | \$ 12,075 |
| 2009 | 4.15% | 934 | 726 | 10,000 | 11,660 |
| 2010 | 4.15% | 726 | 519 | 10,000 | 11,245 |
| 2011 | 4.15% | 519 | 311 | 10,000 | 10,830 |
| 2012 | 4.15% | 311 | 208 | 5,000 | 5,519 |
| 2013 | 4.15% | 208 | - | 10,000 | 10,208 |
| | | <u>\$ 3,839</u> | <u>\$ 2,698</u> | <u>\$ 55,000</u> | <u>\$ 61,537</u> |

1999 FIRE STATION LOAN

| | | |
|--|----|-----------------|
| Issue dated November 24, 1999 in the amount of | \$ | 196,000 |
| Less: | | |
| Principal paid in prior years | | (185,862) |
| Principal paid in current year | | <u>(10,138)</u> |
| Balance payable at March 31, 2007 | \$ | <u>-</u> |

2006 INSTALLMENT PURCHASE AGREEMENT - FIRE TANKER

| | | |
|--|----|-----------------|
| Issue dated February 13, 2006 in the amount of | \$ | 33,600 |
| Less: | | |
| Principal paid in prior years | | - |
| Principal paid in current year | | <u>(11,200)</u> |
| Balance payable at March 31, 2007 | \$ | <u>22,400</u> |

| <i>Fiscal Year Ended</i> | <i>Interest Rate</i> | <i>Principal due February 13,</i> | <i>Interest due February 13,</i> | <i>Total Annual Requirement</i> |
|------------------------------|--------------------------|---------------------------------------|--------------------------------------|---|
| 2008 | 4.45% | \$ 11,200 | \$ 997 | \$ 12,197 |
| 2009 | 4.45% | <u>11,200</u> | <u>498</u> | <u>11,698</u> |
| | | <u>\$ 22,400</u> | <u>\$ 1,495</u> | <u>\$ 23,895</u> |